

CONFIDENTIAL

P1d  
515

25X1

CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

COUNTRY Hungary

SUBJECT Trade with China

DATE DISTR. 27 May 1954  
25X1

NO. OF PAGES 3

NO. OF ENCLS.

SUPP. TO REPORT NO. 25X1

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS REPORT IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

1. There were no commercial relations of importance between Hungary and China before 1945. Exchange of goods was begun in 1948 under Soviet urging, but there were no transactions of international interest until 1950. By the beginning of 1954 the Chinese trade constituted the most valuable and important part of Hungary's foreign commerce. Hungarian foreign trade in 1953 would have been in disastrous doldrums without the export and import business with China.
2. The buildup of goods exchange between these countries took place from 1951 until the end of 1952, while András Szobek was Hungarian foreign trade minister.. Although in the latter part of 1953 he was reduced to the rank of fifth deputy of the Foreign and Domestic Trade Ministry under József Bogdár, Szobek still headed the Far Eastern branch of the Ministry. His right hand in building up Chinese-Hungarian trade relations was Emanuel Safrankó, the Hungarian Ambassador to China.
3. The China section of the Trade Ministry has been headed for several years by István Salusinszky, a scion of a good Jewish bourgeois family of Budapest, now about 42 or 44 years old, who studied law and aimed at succeeding his father as chancellor advocate. His uncle, Gyula Salusinszky, was one of the most hated editors in Hungary, where for many years he edited the capitalist-bourgeois newspaper "As Est". István Salusinszky saw the great chance of his life in 1945, joined the Communist Party, worked his way up, through ability, as a capable official in spite of his origin, landed in one of the most important positions in the Foreign Trade Ministry, and at the present time is the actual organizer and director of the China trade. He has been to China several times, the last time in 1953, and personally conducted negotiations there. He holds the rank of ministerial chief of division.

This report is for the use within the USA of the Intelligence components of the Departments or Agencies indicated above. It is not to be transmitted overseas without the concurrence of the originating office through the Assistant Director of the Office of Collection and Dissemination, CIA. All or part of the contents may be used by the above organizations in intelligence publications involving overseas distribution providing the publication bears the cover: "TOP SECRET" and the source, if applicable, is indicated.

25X1

U.S. Officials Only

CONFIDENTIAL

DISTRIBUTION	STATE	ARMY	NAVY	AIR	FBI	OTHER	TV		
--------------	-------	------	------	-----	-----	-------	----	--	--

25X1

CONFIDENTIAL

-2-

4. There is a permanent Hungarian trade branch in Peiping, the head of which at the present time is István Nagy. Next under him is Zsuzsa Beck.
5. In 1953 Hungary exported the following goods to China: 2,000 tons chemicals; 2,300 tons liquid high explosives; 400,000 tons of gas pipe of various sizes; 4,200 tons of medicines; 2,550 military tractors; 50 complete X-ray apparatus. Hungary also exported unknown but considerable quantities of textiles, radio parts, machine tools, medical and dental instruments, electric light bulbs, photographic equipment and materials, and optical goods; also a few locomotives and a few autobuses from the Ikarusz factory. Under the Chinese-Hungarian trade pact, Hungary was to furnish 1,100 Csepel Diesel military trucks during the closing months of the Korean War. The vehicles were ready for delivery but shipping space could not be obtained on account of the size of the shipment, so the trucks stayed in Hungary.
6. For its part China exported to Hungary asbestos, rubber, metals and borax in quantities not known. Rubber was the most important item. Without it the Hungarian rubber industry would not have been able to meet demands. The largest Chinese delivery in actual quantity was 10,000 tons of maize in form for consumption.
7. A close Chinese-Hungarian cooperation exists in respect to rubber, in which the following Hungarian experts are occupied: Dr. Zoltán Bruckner, deputy director of the Hungarian Rubber Research Institute, and chief engineer László Horváth, of the Budapest rubber factory ("Ruggyantsszerkezet").
8. The greater part of the 1953 deliveries were made by sea. The Hungarian goods were shipped from the Rumanian port of Constanta and the Polish port of Gdynia, where they were loaded on 9,000 ton (B.R.T.) ships. Hungary made efforts to route at least a part of the exports through Trieste, but the Chinese were determinedly against it. Their main argument was that there were never enough goods in Trieste at one time so that a ship could be fully loaded. Taking more time to assemble export goods was politically inadvisable and difficult to carry out because of lack of space. A small percentage of the Hungarian export went to China by rail through the USSR.
9. The chief port for Hungarian export and import trade in China was the north Chinese port of Takubar, which is hardly known in Europe.
10. Hungarian-Chinese trade holds out great possibilities to the international shipping industry. A large British shipping firm in London has booked the largest business and profits. Danish and Czechoslovakian transport firms have also participated actively. On Hungary's part shipments are handled through the national transport organization MASPED which has a separate division for shipments to China.
11. A new department for settling Chinese-Hungarian trade accounts has been set up in the Hungarian National Bank in Budapest. The official responsible for the smooth settlement of accounts is András Fodor, foreign exchange director of the bank.
12. In recent months there have been no fewer than seven Chinese trade delegations in Europe, studying the possibilities of extending East-West trade. One delegation spent the entire month of December 1953 in Budapest, engaged in preparing the Chinese Hungarian trade agreement for 1954.
13. [redacted] China, as well as Hungary, Poland and Czechoslovakia, will increase export and import trade [redacted] according to a unified Soviet plan.
14. Addendum. András Szobek has just been rewarded for his services in developing Chinese-Hungarian trade by appointment as Ambassador to China. Hungary delivered 500 "SL" caterpillar tractors in January 1954. The Győr car works up to January 1954 produced altogether 1,060 cable hoist conveyors for transporting finished goods in plants and factories; 400 went to the USSR, 160 to Bulgaria, and 180 to China.

25X1

25X1

- end

CONFIDENTIAL

25X1

25X1

**Page Denied**